

**N.S.S.S**  
**MID TERM III EXAMINATIONS 2012**  
**S1 PRINCIPLES OF ACCOUNTS**  
**TIME:** 1 hour 15 minutes

**Instructions:**

*Attempt **all** questions.*

**SECTION A**

1. Which of the following is not a liability?
  - A. Bank overdraft
  - B. Creditors
  - C. Salaries due
  - D. Debtors
  
2. Prepaid expenses are classified under
  - A. fixed assets
  - B. current assets
  - C. liabilities
  - D. current liabilities
  
3. The following are importances of accounting information except
  - A. to determine the profit and loss of the business.
  - B. to provide information to the users of accounting information.
  - C. to determine the accounting roles and regulations.
  - D. to determine the financial stand of the business.
  
4. The process of recording transactions in the ledger is called
  - A. book keeping.
  - B. recording.
  - C. posting.
  - D. balancing.
  
5. The double entry system states that
  - A. debit the debtors account, credit the creditor's account.
  - B. debit the account receiving and credit the account giving out.
  - C. debit the seller's account and credit the buyer's account.
  - D. debit the stock account and credit the merchant's account.
  
6. The book or file that contains all separate accounts of a business is
  - A. an account.
  - B. ledger book.
  - C. cashbook.
  - D. trial balance.

7. Which of the following are items presented according to their order of permanency?
  - A. Debtors, cash, bank, stock.
  - B. Stock, bank, debtors, cash.
  - C. Cash, bank, debtors, stock.
  - D. Stock, debtors, bank cash.
  
8. What is the amount of assets given capital of Shs.4,000,000, long term liabilities Shs.2,000,000 and current liabilities of Shs.1,500,000.
  - A. Shs.500,000
  - B. Shs.4,500,000
  - C. Shs.7,500,000
  - D. Shs.3,500,000
  
9. When goods are bought for cash two things happen;
  - A. goods are given out and cash is given out.
  - B. goods are received and cash is given out.
  - C. cash is given out and goods are given out.
  - D. goods are received and cash is received.
  
10. Which of the following is an example of a nominal account?
  - A. Land
  - B. Okoth's account
  - C. Kakondo and Son's account
  - D. salaries account

### SECTION B

11. Njoroge and Sons' business had the following assets and liabilities as at 31 Dec. 2006. Prepare a balance sheet from the following information:

<b>Item</b>	<b>Shs</b>
Cash	16,800
Stock	48,000
Furniture and fittings	76,000
Machinery	80,000
Debtors	22,000
Bank overdraft	12,000
Creditors	30,000
Capital	200,000

12. Enter the following transactions in their respective ledger accounts:

On 1<sup>st</sup> Jan 2004 started business with capital Shs.200,000.  
 On 2<sup>nd</sup> Jan 2004 bought goods for resale for cash Shs.100,000.  
 On 3<sup>rd</sup> Jan 2004 sold goods for cash Shs.30,000.

**END**